

Penny Plan for Recycling Makes Cent\$



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- **Raise \$40 million** per year for comprehensive recycling programs in Michigan and create up to 13,000 new jobs.
- **Increase opportunities for economic development** by creating a steady stream of recycling stock.
- **Improve Michigan's abysmal 20% recycling rate** – currently last among Great Lakes states -- creating incentives for recycling.
- **Recognize that there's a cost to dispose of every product** and that consumers of those products need to be responsible for at least part of that cost.

How the Penny Plan Works

- **DOES APPLY** to transactions over \$2.
- **DOES NOT APPLY** to the purchases of services (e.g., hair cut, dry cleaning, legal services, consulting services, etc), utilities, wholesale purchases, business to business, or to incidental sales made from within the business.
- **EXEMPTS** any small business retailers whose aggregate monthly penny collection is less than \$20 (2,000 transactions per month average in over a 12 month period)
- A line would be added to a customer's receipt: **RECYCLING FEE: 0.01**

Michigan Supports Penny Plan – MRG poll Feb 20-26, 2006

- Nearly 80 percent of Michigan voters would support a comprehensive statewide recycling program; with a majority (53%) saying they would strongly support it.
- **62% would support the 1-cent per transaction fee** to fund comprehensive community recycling.

Allocation of Penny Plan for Recycling Makes Cent\$

- Funding for comprehensive curbside and drop off recycling
 - **Up to 5%** of the funding shall reimburse the DEQ and Treasury for administrative purposes and to counties for preparing reports.
 - **Up to 10%** of funding to reimburse local units for the personal property tax exemption taken by businesses for the purchase of equipment for market development opportunities.

Representative Geoff Hansen, House Bill 5163 & HJR O, Michigan House of Representatives

The remaining balance shall be distributed as follows:

- **50 percent** of funding in direct match of local expenditures (either by local government supported program, local non-profit, etc)
- **40 percent** of funding in grants for local programs, businesses involved in collection and processing of recyclables
- **10 percent** to go toward education and litter abatement (stop litter program, school education on recycling and litter, etc.

Constitutionally Protected

The funding could not be diverted to other projects, budget shortfalls, etc. It would be dedicated to the items listed above and put into the Michigan Constitution by popular vote.

Legal Analysis by Tax Counsel; Jaffe, Raitt, Heuer & Weiss

1. By placing the Penny Plan in the Michigan Constitution, the recycling fee is completely immunized from any legal challenge attempting to say it is really a tax, and therefore unconstitutional to call it a fee.
2. As written, the Penny Plan and collection of the recycling fee is not in conflict with the terms of the Streamlined Sales Tax Agreement.
3. Even if the Penny Plan was not crafted as a constitutional amendment, but stood alone as a statutorily imposed recycling fee, it is still **“very likely”** the courts would uphold the fee as a valid exercise of the State’s police powers, and not an invalid tax under the Bolt v. Lansing criteria.

MRP Members Involved in Penny Plan Drafting, etc.

Absopure Water Company	Altria Corp. Services, Inc.; (Kraft Foods)	Associated Food Dealers of MI
Big Top Market	Coca-Cola Bottling Company	Country Fresh
Dean Foods	Felpausch Food Centers	Grocery Manufacturers of America
Bottled Water Asso.	Meijer	MI Beer & Wine Wholesalers
MI Business & Professional Asso.	MI Dairy Foods Association	MI Distributors & Vendors
MI Food & Beverage Asso.	MI Grocers Association	MI Soft Drink Association
Michigan Sugar	Northern Falls Bottled Water Co.	Sinclair's Supermarket
Spartan Stores	Clean-Tec	

- **Resource Recovery and Recycling Authority of Southwest Oakland County**
(Representing the Communities of Farmington, Farmington Hills, Novi, South Lyon, Southfield, Walled Lake, Wixom and Lyon Township)
- **Recycle Livingston** – local volunteer nonprofit organization that recycles metal, paper and plastics.
- **Great Lakes Waste Recycling, LLC** – Wayland, MI
- **Grocery Manufacturers of America** (companies located in Michigan)

Michigan Chamber of Commerce votes to support 4/25/06

Traverse City Chamber of Commerce votes to support 5/8/06

Grand Rapids Chamber of Commerce supports Penny Plan